



MARY SUE FERRELL
Executive Director

RECEIVED

August 1, 1996

FCC MAIL ROOM

Office of the Secretary
Room 222
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

DOCKET FILE COPY ORIGINAL

RE: Further Comment on Specific Questions in Universal Service Notice of Proposed Rulemaking (CC Docket No. 96 - 45, Federal State Joint Board on Universal Service)

The California Library Association, a non-profit professional organization submits the following comments in response to the Federal Communications Commission's July 2, 1996 list of additional questions, related to the Universal Service Notice of Proposed Rulemaking (CC Docket No. 96 - 45). The California Library Association provides leadership for the development, promotion and improvement of library services, librarianship and the library community. The association has been around for over 100 years and has over 2,400 members who represent all types of libraries from all parts of the state.

- 6) Should the services or functionalities eligible for discounts be specifically limited and identified, or should the discount apply to all available service?

Comment Summary: The discount should apply to all available services.

Comments: The discount should apply to all available services. As a practical concern, limiting the discount to specific services or functionalities will require the establishment of a regulatory mechanism to identify and update the list of services/functionalities eligible for a discount. This would be counterproductive, cumbersome and expensive.

Telecommunications technology is changing rapidly. It is much more productive, and supportive of flexibility and innovation, to establish that any telecommunications services available commercially by tariff or through contract be available to libraries and schools at a discount.

In order for libraries to serve the public with access to electronic information resources, they must have the capacity for high bandwidth interactive and visual applications. Libraries, particularly large academic libraries such as those in the University of California or the California State University and Colleges system need to have access to the most advanced services, rather than just the more basic services. These libraries often serve as test sites for new services. However, even small or rural libraries will have need for access to advanced services in order to respond to the information needs of their users. Libraries, schools and higher education institutions are critical for training current and future workers in information literacy and in the use of new technologies.

No. of Copies rec'd
List A B C D E

014

- 8) To what extent should the provisions of Sections 706 and 708 be considered by the Joint Board and be relied upon to provide advanced services to schools, libraries and health care providers?

Comment Summary: The provisions of sections 706 and 708 should in no way substitute for the provision of ongoing discounted rates.

Comments: The provisions of sections 706 (Advanced Telecommunications Incentives) and 708 (National Education Technology Funding Corporation) deal primarily with the assistance toward the substantial costs of the infrastructure needed to provide advanced telecommunications capabilities to schools and libraries. These funds can assist with the initial investments for equipment, wiring and training. Section 254 (Universal Service), on the other hand, deals with the ongoing costs of telecommunications services. The provisions of sections 706 and 708 should in no way substitute for the provision of ongoing discounted rates.

- 9) How can universal service support for schools, libraries, and health care providers be structured to promote competition?

Comment Summary/Comments: Libraries and schools are consumers of the telecommunications services. The return to the telecommunications service provider would consist of the discounted price and, when necessary, reimbursement from the Universal fund, a return equivalent to the price the provider would receive in a competitive market. Libraries are an excellent demonstration platform and training center for users who may subsequently purchase services directly.

- 10) Should the resale prohibition in Section 254(h)(3) be construed to prohibit only the resale of services to the public for profit, and should it be construed so as to permit end user cost based fees for services? Would construction in this manner facilitate community networks and/or aggregation of purchasing power?

Comment Summary: The resale prohibition of sections 254 (h)(3) should be interpreted narrowly, prohibiting only resale of services to the public for a profit.

Comments: It is most constructive to interpret the resale prohibition of sections 254 (h)(3) narrowly, prohibiting only resale of services to the public for a profit. Modest end-user fees should reasonably be collected for costs associated with special applications. As the FCC notes, a more restrictive interpretation would negatively affect the broad array of cooperative arrangements in which libraries participate in order to share costs and services, and extend purchasing power.

ALA suggests that a distinction be made between applications and the underlying communication service, and that the resale prohibition should not apply to applications. We agree, since in CLA. in its earlier comments, asked for the narrowest interpretation. A library might need to recover costs, for example, for providing a number of services, such as classes on how to use the Internet that are ancillary to the communications service itself.

- 11) If the answer to the first question in number 10 is "yes," should the discounts be available only for the traffic or network usage attributable to the educational entities that quantify for the Section 254 discounts?

Comment Summary/Comments: It would be reasonable, and consistent with the Act, to provide discounted rates to only the beneficiaries--libraries, schools and health care providers--designated in the Act. Libraries which participate in networks or cooperative arrangements will presumably be able to devise the appropriate recordkeeping/billing mechanisms to ensure that only the designated recipients benefitted from the discounted rates.

- 12) Should discounts be directed to the states in the form of block grants?

Comment Summary/Comments: The California Library Association notes that while funding directed to the states in the form of block grants can provide additional flexibility to recipients, it does not ensure that the funds will be allocated to the purpose specified in the Telecommunications Act of 1996 (PL 104-104). It also requires the establishment of a bureaucratic process for distributing the funds, as well as the development of safeguards to require that funds be expended for the intended purposes.

- 13) Should discounts for schools, libraries, and health care providers take the form of direct billing credits for telecommunications services provided to eligible institutions?

Comment Summary/Comments: Again, PL 104-104 clearly provides for discounted rates, rather than some sort of credit or block grant approach. Discounted rates would be the simplest and cleanest way of achieving the purpose of the act, and also ensure that the monies are not used for other purposes. Again, an administrative mechanism for determining the amount of credits, and an allocation process, would need to be devised to distribute and monitor allocation and use of credits.

- 14) If the discounts are disbursed as block grants to states or as direct billing credits for schools, libraries, and health care providers, what, if any, measures should be implemented to assure that the funds allocated for discounts are used for their intended purposes?

Comment Summary/Comments: A discounted rate program would not require the development of such a procedure.

- 15) What is the least administratively burdensome requirement that could be used to ensure that requests for supported telecommunications services are bona fide requests within the intent of Section 254(h)?

Comment Summary: Libraries eligible to participate in state-wide library resource sharing activities, which submit requests through an authorized administrator or official, would be bona-fide applicants. The California State Library, in our state, could verify eligibility if required, as it already does for participation in other state-wide library programs.

Comments: Section 254 (h) provide definitions for elementary and secondary schools, but fails to define libraries, at least in this section. Bona-fide requests could be identified as any application for access to discounted rates from an authorized official from a library eligible for participation in a state-based resource sharing activity. California has a well-developed system of resource sharing, for which most libraries are eligible. Nationally, the American Library Association has suggested that the eligibility requirement under Title III of the Library Services and Construction Act (LSCA) be used. The eligibility requirement for libraries in the LSCA is only that they be "eligible for participation in state-based plans for Title III of the LSCA." In either case, the state library agency would be able to verify that a library is eligible.

- 16) What should be the base service prices to which discounts for schools and libraries are applied: (a) total service long-run incremental cost; (b) short-run incremental costs; (c) best commercially-available rate; (d) tariffed rate; (e) rate established d through a competitively-bid contract in which schools and libraries participate; (f) lowest of some group of the above; or (g) some other benchmark? How could the best commercially-available rate be ascertained in light of the fact that many such rates may be established pursuant to confidential contractual arrangements?

Comment Summary/Comments: The California Library Association has not taken a position on a specific rate structure. In November 1995, the association resolved to petition the CA Public Utilities Commission to adopt a tariff "that will provide a stable, flat rate, and affordable charges for telecommunications with a minimum speed of 1.5 megabytes per second to every school, public library and educational institution in California."

- 17) How should discounts be applied, if at all, for schools and libraries and rural health care providers that are currently receiving special rates?

Comment Summary/Comments: The proposed rules do not seem to preclude (nor should they) schools or libraries from taking advantage of special rates offered by carriers.

- 18) What states have established discount programs for telecommunications services provided to schools, libraries, and health care providers? Describe the programs, including the measurable outcomes and the associated costs.

Comment Summary: In California, Pacific Bell's "Education First" program and the California State Library's "InfoPeople" program are ongoing development programs to connect libraries or schools to the Internet. Both subsidize telecommunications costs for a period of time. They are not discount programs per se.

Comments: In California, Pacific Bell has established the "Education First" program to connect K-12 schools, community colleges, and libraries to the Internet. Education First provides installation and the first year of service for free.

The California State Library's InfoPeople program, which sets up Internet access for libraries, subsidizes telecommunications services by paying the library's access fees for the first 9-10 months after installation of equipment. 333 libraries have been connected to the Internet since inception of the project in early 1994; 24,000 people per month are accessing the Internet through these installations.

Neither program provides ongoing discounted rates.

- 19) Should an additional discount be given to schools and libraries located in rural, insular, high-cost and economically disadvantaged areas? What percentage of telecommunications services (e.g. Internet services) used by schools and libraries in such areas are or require toll calls?

Comment Summary: California is a large and diverse state. The California Library Association strongly supports providing additional discounts in both high-cost and low-income areas. Roughly fifteen per cent of the telecommunications services require toll calls.

Comments: In some rural or low-income areas of this large and diverse state, libraries may be the only public access point to electronic information resources. In remote rural areas, such as those in the north part of the state, access to advanced telecommunications services is expensive and difficult to achieve. An estimated fifteen percent of schools and libraries would require a toll call to access the Internet. The California Library Association strongly supports providing additional discounts in both high-cost and low-income areas.

- 22) Should separate funding mechanisms be established for schools and libraries and for rural health care providers?

Comment Summary/Comments: There seems to be no reason to establish separate funding mechanisms.

Response to FCC Re: CC Docket No. 96 - 45
August 1, 1996
Page 6

- 23) Are the cost estimates contained in the McKinsey Report and NII KickStart Initiative an accurate funding estimate for the discount provisions for schools and libraries, assuming that tariffed rates are used as the base prices?

Comment Summary: Libraries' need for bandwidth, contrary to the KickStart assumptions, are not dependent on size of population served.

Comments: As ALA has noted, the KickStart cost estimates are based on incorrect assumptions of what small and rural libraries need, and the services they need to provide. Libraries' need for bandwidth, contrary to the KickStart assumptions, are not dependent on size of population served. A small library serving a rural area would have the same need to display graphics intensive information as does a library in an urban area. The bandwidth required depends on the services provided. A library in a rural area would often be the only resource available.

Respectfully submitted,



David Price

President, California Library Association
San Francisco Public Library
Civic Center
San Francisco, CA 94102-4796

cc: Federal-State Joint Board and Staff (30 individuals)
International Transcriptions Service